

# CEPAL

## Review

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#### Notes and explanation of symbols

The following symbols are used in tables in the *Review*:

Three dots (...) indicate that data are not available or are not separately reported.

A dash (—) indicates that the amount is nil or negligible.

A blank space in a table means that the item in question is not applicable.

A minus sign (-) indicates a deficit or decrease, unless otherwise specified.

A point (.) is used to indicate decimals.

A slash (/) indicates a crop year or fiscal year, e.g., 1970/1971.

Use of a hyphen (-) between years, e.g., 1971-1973, indicates reference to the complete number of calendar years involved, including the beginning and end years.

Reference to "tons" mean metric tons, and to "dollars", United States dollars, unless otherwise stated.

Unless otherwise stated, references to annual rates of growth or variation signify compound annual rates.

Individual figures and percentages in tables do not necessarily add up to corresponding totals, because of rounding.

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## Rural social policy in a strategy of sustained development

*John Durston\**

This article discusses the changes observed during recent years in the social, demographic and occupational fields in the rural world, which, when they are added to the centuries-old problems of the sector, foreshadow severe imbalances in the context of the new modalities of functioning of Latin American economies that arise from the present crisis. It advances the thesis that in most of the countries of the region the solution of the problem of the peasantry and the achievement of a higher degree of equity in rural society, as well as between the rural and urban societies, constitute inescapable imperatives for any viable strategy of national development in the 1990s.

The author outlines the essential features of a strategy of growth with rural equity, and it analyses some alternative lines of social policy for the sector. He attaches special importance to the realization of the peasant economy's productive potential through the supply of inputs, the introduction of structural reforms and the provision of the necessary training—both technical training and training for participation in decision-making. Lastly, he emphasizes the importance of the peasantry's role in the expansion of the domestic market as part of a viable strategy for national development.

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## Introduction

The profound economic upheavals of recent years appear to have changed radically—and perhaps forever—the social dynamics that prevailed for decades in the rural environment. This requires a change in the rules of the game that govern the design of social policy for this sector.

In most countries we find an essential inadequacy in the development model followed in the region before the crisis. Until the end of the 1970s it seemed that the high rate of creation of new productive occupations in non-agricultural activities, which had made possible the upward social mobility from the poor rural social strata, would continue indefinitely. Nowadays it appears difficult to regain this dynamism, and in some countries it appears almost impossible (ECLAC, 1986a).

The processes of economic, demographic and cultural transition that were operating in the rural world—with the consequent modifications in the articulation of this world with urban society and the urban economy—formed a key link of this supposedly virtuous circle of development prior to the crisis. In similar fashion, a profound revision of the definition of the role to be played by the rural economy and rural society in national development now seems to constitute a key element for the creation of viable styles of development for the majority of Latin American countries at the end of the twentieth century.

In a document which summarizes ECLAC's diagnoses and recommendations, it is stated that the transformation of the agrarian structure is the point of departure for attaining "a minimum threshold of equity" in a social context that will help to bring about productive modernization and genuine international competitiveness (ECLAC, 1988, p. 45).

In this article it is postulated that the historical inability to solve the problem of rural poverty and inequity constitutes a limiting influence of the first rank on the development of many countries of the region. Consequently any alternative strategy designed to restore the growth rates of earlier years must face the challenge posed by rural poverty. This imperative is all the more evident if the strategy in question is intended to take advantage of the unrealized productive potential of the popular strata and the possibilities offered by an expansion of the domestic market.

## I

## The challenge of the coming years

In almost all of the countries of Latin America the processes of technification, capitalization and integration of rural economies that took place before the crisis transformed and modernized the structures and mechanisms for extraction and exclusion to which the peasant strata had traditionally been subjected (Durstun, 1982). However, they did not bring any significant advances in the distribution of income and assets within the rural population, nor between the rural and the urban populations.

The economic crisis of the 1980s "rendered doubtful the viability of a dynamism that supposedly would reduce the active agricultural population through training and absorption in productive employment in other sectors" (ECLAC, 1988, p. 56). Conspiring against the resurgence of this dynamism are the persistence of long-standing problems and the appearance of previously unknown difficulties associated with the economic situation created by the crisis and the adjustment, which, in combination, severely limit prospects for the creation of future jobs.

1. *Long-standing problems that remain unsolved*

The result of agricultural development based on capitalization concentrated in the entrepreneurial sector was that the peasant population (consisting of small landowners cultivating farms which were becoming increasingly fragmented) and the landless agricultural workers fell further behind. The survival of both these groups depended increasingly on the opportunities for paid seasonal work in entrepreneurial agriculture, and their advancement depended on the exodus to the cities and on the dynamics of urban labour markets. In this structural context the vegetative growth rate of the rural population, which continues to remain much higher than that of the urban population, was decreasing very slowly.

The bias in agricultural policy in favour of the capitalist agricultural sector and the

mechanisms of extraction had aggravated in most countries the vicious circle of social reproduction of poverty in rural areas. To the extent that peasants were denied access to land and to other forms of capital, the only productive resource over which they could exert any control continued to be the manpower of their children.

At the same time, neither the small family holdings nor the highly mechanized capitalist agriculture could absorb the increasingly numerous cohorts of young people who were reaching the age of economic activity in rural areas. Between 1950 and 1980 the average annual rate of growth of the population engaged in agriculture failed to reach even 1% (table 1). Furthermore, this rate was slowing down, gradually approaching zero, and in some countries the agricultural population decreased in absolute numbers as well as in percentage.

If the social situation in the rural areas did not become even more critical during the period from 1950 to 1980, part of the reason was that jobs in the sectors of greatest productivity—industry, trade and services—actually increased at high and growing rates, until they exceeded an average value of 5% per year, during the 1970s. This was reflected in some

Table 1

**LATIN AMERICA: AVERAGE RATES OF ANNUAL GROWTH OF THE POPULATION EMPLOYED IN AGRICULTURE AND OF AGRICULTURAL OUTPUT**

	1950- 1960	1960- 1970	1970- 1980	1980- 1987
1. Population employed in agriculture	0.8	0.7	0.3	1.7 <sup>a</sup>
2. Agricultural output	3.7	3.5	3.7	2.4

Source: ECLAC, on the basis of official information.

<sup>a</sup>Preliminary estimates made by PREALC, on the basis of official information from seven countries (Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Venezuela).

upward social mobility for many members of the labour force who had become superfluous in the rural areas.

The vigorous process of job creation in the urban sector required heavy investment and a high and stable rate of output growth. In terms of five-year averages, the latter remained above 5% per year throughout the period from 1950 to 1980. However, towards the end of the 1970s many countries had already completed the "easy phase" of their development, and there were clear symptoms indicating that the sources which had fed this process of occupational transformation were becoming exhausted.

In any event, between 1950 and 1980 tens of millions of persons of rural origin succeeded in establishing themselves in non-agricultural jobs. It is true that many of these former peasants and children of peasants continued to suffer exploitation and poverty, in the formal sector of wage-earning manual workers or in the informal urban sector. However, it is probable that in general the workers concerned regarded this change as a step forward, when they compared their new reality to what they would have had to continue to endure on their small farms or as agricultural day-labourers.

The traditional development model, being incapable of eliminating the causes of peasant poverty, depended on these high rates of new job creation in the modern non-agricultural sector to continue absorbing a poor rural population which was increasing at a very rapid rate. The subsequent loss of productive dynamism in the 1980s and the coming of the urban job crisis put an end to this mobility, abruptly frustrating the expectations of the new rural generations. It has therefore become more imperative to find in the rural environment itself a solution for the shortages from which the rural strata of the population are suffering.

## *2. The recent worsening of the rural social deficit*

With the collapse of urban labour markets during the early years of the crisis, the vegetative growth of the rural labour force and the movement of rural-urban migrants back to the countryside had to be absorbed by the "residual" occupational sector —the peasantry— or by

entrepreneurial agriculture. In a number of countries of the region agricultural employment expanded more rapidly than non-agricultural employment during this period (PREALC, 1986). Consequently, according to PREALC, the population employed in agriculture increased by almost 13% in seven years (1980-1987), while during the preceding 10 years it had increased less than 3%.

During the mid-1980s the region's export agriculture, and to a lesser degree its agricultural sector raising products for national consumption, expanded rapidly, although this positive effect was somewhat dampened by the weakening of demand, both domestic and foreign, and by the rising cost of credit (ECLAC-FAO, 1987). However, the increased supply of rural manpower in most countries of the region led to a reduction in farm wages (PREALC, 1986) and of income per active worker on small farms (ECLAC, 1987a, p. 16). The increase in agricultural output seems to have benefited chiefly the agricultural entrepreneurs, so that the inequity prevailing in the countryside became even worse.

Moreover, the restriction of tax expenditures was reflected in a deterioration of the supply of health, educational and housing services, as well as in an impairment of investments in infrastructure, development promotion and other modalities for the social redistribution of income. This aggravated the deficit being suffered by the majority of people in rural areas. Such a twofold lag (in monetary income and in social income) of the rural (and urban) majorities accentuates the reduction in domestic demand and becomes a source of tension that places additional demands on the design of a national development project, requiring it to win support from the great majority of the population.

## *3. New economic and demographic parameters of rural social change*

The predictions made by experts agree that in the medium term the rates of growth of worldwide demand for agricultural exports, of the generation of jobs in the "modern" non-agricultural sector and, lastly, of the supply of

capital and credit for agriculture will all be much lower than in earlier years. In contrast, the rate of growth of the agricultural labour force is increasing, which is a reversal of a decades-long trend (table 1). In the short term this foreshadows a drop in per capita rural income and a greater sectoral concentration of income to the advantage of asset holders. Since, apart from this, it is improbable that there will be an accelerated drop in the vegetative growth of the poor strata in rural areas, it may also be asserted that there will be continuing pressure on social services, especially with regard to maternal and child care and to basic education.

The severity of the present situation and of the forecast for the medium term vary with each

country's current stage of the demographic and occupational transition (table 2). This twofold process, which almost always accompanies economic development, involves a central stage during which chiefly agrarian societies, with high birth rates and death rates, become predominantly urban-industrial and service societies, with relatively low and stable birth rates and death rates. Most of the Latin American countries passed through the central part of this transition at an accelerated rate during the three decades preceding the onset of the crisis (ECLAC, 1986a).

The implications of this transition for the current growth of the labour force vary considerably from one type of country to another. In those that make up Group I (table 2), where the death rate and birth rate became stabilized long ago at relatively low values, the pressure on the labour market is increasing nowadays at a moderate rate. But in those countries where the rate of demographic growth reached its maximum during the last decade (Group II), the population of working age is still continuing to expand at a very rapid rate (of the order of 3% per year), higher than the rate of increase of the total population. Furthermore, in a number of countries in which the demographic transition is still in its early stages (Group III), this rate will continue increasing for a long time. The reason for this is that the rate of growth of the population of working age depends not only on births during the preceding years but also on variations in the death rate, which is still high in the countries of this group and probably will continue to decrease steadily for two or three decades. Consequently, according to the forecasts made by CELADE, in 1990 the economically active population will be 9% greater in Uruguay and 15% greater in Argentina, than in 1980. The economically active population in the countries with recent or incipient transition, on the other hand, will increase between 30% and 45%.

In the overwhelming majority of Latin American countries the gross national product per capita decreased during the period from 1980 to 1987 (ECLAC, 1987b). In countries with incipient demographic and occupational transition, the average drop was 18%. Since the rate of growth of their population of economically

Table 2  
CHANGES IN THE GROWTH OF THE  
POPULATION OF  
ACTIVE AGE<sup>a</sup>

	Period of maximum growth and rate attained	Average annual rate (per cent) for 1980-1985
<b>I. Countries with advanced demographic transition</b>		
Uruguay	pre-1950 (...)	0.7
Argentina	pre-1950 (...)	1.2
Chile	1975-80 (2.6)	2.3
<b>II. Countries with recent transition</b>		
Brazil	1965-80 (3.1)	2.6
Colombia	1965-70 (3.4)	2.9
Panama	1975-80 (3.7)	3.1
Peru	1975-80 (3.2)	3.1
Costa Rica	1975-80 (4.3)	3.2
Dominican Republic	1975-80 (3.6)	3.3
Venezuela	1970-75 (4.4)	3.4
Ecuador	1980-85 (3.5)	3.5
Mexico	1980-85 (3.6)	3.6
<b>III. Countries with incipient transition</b>		
Honduras	1980-85 (4.0)	4.0
Paraguay	1975-80 (4.1)	3.7
Nicaragua	Future (...)	3.6
Guatemala	Future (...)	2.8
Bolivia	Future (...)	2.6
Haiti	Future (...)	2.2

Source: ECLAC, *Statistical Yearbook*, 1987.

<sup>a</sup>Population between 15 and 64 years of age.

active age not only is high but, in several of these countries, will continue to increase, it becomes difficult, in the absence of fundamental transformations in the type of development now prevailing, to imagine any easing of the shortage of productive jobs.

The most devastating consequence for millions of peasant homes will be the death of their hopes of upward social mobility for their children. Remaining permanently in agriculture, as the refuge of last resort, represents a subjective loss for the workers affected, in addition to an objective loss, since it means giving up aspirations that have become deeply rooted, unless the countries of the region introduce reforms that will substantially improve the income of persons who are active in agriculture.

These new parameters represent for many Latin American countries a major challenge to reformulate their social and employment policies for the 1990s. It is imperative to achieve a sharp increase, especially in the rural environment, of the rate of generation of productive jobs and to improve living conditions and the availability of social services, with a view to potentiating human resources that are being poorly utilized at present. Only if an attack is made at the roots of the social problems and imbalances that have for so long afflicted the majority of the people living in rural areas —maladjustments which would otherwise tend to become aggravated in the future— will it be possible to attain styles of development that are viable in the medium and long term.

## II

### Essence of a strategy for achieving rural equity

#### 1. *Rural development and global strategy*

The problems and social processes in urban and rural environments are closely interconnected. Any policy for rural development must therefore be constructed within the context of an overall strategy that will have majority support, for the country as a whole. In most Latin American nations the social crisis involves two fundamental shortages: a lack of adequately productive occupations, which is the main cause of the insufficiency of incomes needed to cover basic needs, and a low degree of participation by the popular strata in a collective project for national development. It is the rural popular strata that both of these shortages continue to be most sharply felt (ECLAC, 1985). For this reason, in the proposals made by ECLAC for dealing with the crisis, a prominent place is occupied by the strengthening and expansion of the national market and the attainment of a broad political consensus in favour of a national development plan, centred on increased productive capacity and increased demand in broad sectors of society that have been marginalized until now (ECLAC, 1988, pp. 25, 28 and 41).

With regard to the crisis in the creation of productive jobs, an analysis of current trends suggests that in the next decade the superfluous labour force will be absorbed not only by low-productivity services but also by agriculture, as the "residual" or "last refuge" sector. There is also evidence (apart from what may be concluded from the inflection in the rates of growth of agricultural employment during the years of the crisis) to indicate that migration from the countryside to the cities is sensitive to the changes in the differential between urban and rural wages. The exodus increases when this differential becomes greater, and vice versa (Commander and Peek, 1983).

The manifestations of the productive-job crisis which are observed in rural areas form part of an urgent overall problem. It is therefore essential to decide on emergency measures aimed both at the creation of temporary employment on a large scale and at the provision of social services —medical care, nutrition, basic education— that will complement the incomes of poor families. Beyond the immediate economic situation, the persistence of a rural popular sector which includes more than one third of the total economically active population, with



very low levels of productivity, may be viewed as a great opportunity, since it makes viable an initial "easy" stage of increased productivity in activities whose capital density is very low. In principle, it is economically more efficient—and more effective in terms of the realization of a national plan for socio-political development—to increase the productivity of many workers already employed (or underemployed) in peasant agriculture, who have assets in the form of skills and experience, even though they lack capital and advanced technology, than to generate a few job vacancies in high-productivity sectors, with high costs in terms of capital and years of training for each job created.

The alternative proposals for rural development policies presented here proceed from the conviction that a marginal increase in the income of the urban popular sectors, and also in that of agricultural wage earners and of peasants, would expand the currently depressed demand for food products, since the income elasticity of demand for food is greater when the level of income is lower. Moreover, the redistribution of consumption and of assets in favour of rural popular sectors would contribute to a process of national development that is better balanced and more viable in the long term. In short, efforts to promote development through an increase in export capacity should be accompanied by other efforts aimed at expanding the current capacity for demand in the domestic market *inter alia* for agricultural and livestock products.

## 2. *Recipe or menu? Diversity and complexity of rural societies*

The action proposals summarized here constitute a synthesis of appraisals of Latin American rural realities, which, although they may not yet have won universal acceptance, are based on a great deal of empirical evidence. They are intended not as a "recipe" for planners but simply as a "menu" of measures of different kinds for the short, medium and long terms, selected and combined here in the light of the most probable scenarios. At the same time, the relative magnitude in each country of, for example, a rapidly growing entrepreneurial agriculture sector with permanent wage workers, a stratum of medium-sized modern farmers, a sector of impoverished

and semi-proletarianized small farmers, or any combination of these sectors, will have the result that different combinations of the aforementioned policies will be viable in different countries.

Rural societies in Latin America are at least as complex as urban societies but much less fully understood (Lacroix, 1985). It should be added that they differ much more from one another than do urban societies, both from one country to another and from one region within a country to another. The categories of large-scale cattle ranchers, owners of plantations that grow tropical or temperate-zone crops, annual or permanent crops, capitalized farmers, peasants ("viable" or "survival" farming), large and small tenants and sharecroppers and small farmers established by agrarian reforms, indigenous communities, permanent wage workers, temporary local day-labourers, migrant or urban resident workers, and so on, form only part of the picture. Census data for the 1980s reveal that a surprisingly large and growing fraction of the rural economically active population—21% in Brazil, 24% in Honduras, 36% in Ecuador, 40% in Argentina and as high as 43% in Panama—is engaged in non-agricultural activities (ECLAC, 1986a, table 25). The most common occupations of a popular character are those of manual workers (especially craftsmen, carpenters, bricklayers or construction labourers), commercial workers of various kinds, domestic servants, and transport loaders and drivers. But there is also a growing non-agricultural rural middle class consisting of professional and semi-professional workers (agronomists, teachers, etc.), wholesale merchants or representatives of enterprises selling agricultural inputs, government officials and employees of financial and commercial entities, etc.

Obviously, rural social policies must take account of the specific needs of at least the most numerous and disadvantaged groups. This situation is complicated by the accelerated transformation of productive relations in the countryside, associated with the decline of the traditional *hacienda* where large landowners imposed bonds of domination and paternalism on peons and small farmers in the vicinity, all of which has undergone an upheaval as a result of the replacement of permanent wage earners by temporary workers. This transformation also

involves the rise of modern medium-sized entrepreneurs, some of them closely linked to the urban world, who are integrating advanced technologies, credit practices, bookkeeping and management practices into agricultural production. At the same time, it must be pointed out that the "primary occupation" declared to the census taker is far from being the only one pursued by rural residents. A high percentage of rural households continue to pursue multi-occupational strategies, maintaining at the extended-family level a certain identity as "semi-proletarianized peasantry". Thus, for example, even though permanent agricultural wage earners make demands specific to their salaried condition, it is obvious that they share the peasant culture and its networks of solidarity based on family relationships and community, tending to identify with peasant interests (Llambi, 1979). In fact, a significant percentage of those who migrate to the cities do not dissociate themselves from the rural economy but allocate their savings precisely to the capitalization of their land holdings (Durston and Crivelli, 1984). Consequently an improvement in the allocation of resources or in the terms of trade of the peasantry will also benefit these workers or will motivate them to return to the family enterprise.

These are the reasons why it is advisable to make the realization of the productive potential of the peasantry, centred in the popular rural family and the local community, the keystone of a strategy for productive rural employment. In the countries with recent or incipient occupational transition, the peasantry continues to represent the bulk of the economically active population engaged in agriculture and maintains close relations of economic interdependence with the sectors of wage earners in commercial agriculture and non-agricultural manual labourers. The proposed policies aimed at these last two sectors will therefore be analysed later, in close relationship with development strategies for the peasant economy.

### *3. Social services in a rural social policy*

The reorientation of social services in the countryside should pursue the twofold objective of redistributing both consumption and assets. In the medium term, the function of such servi-

ces is to assume the classical auxiliary role of attenuating and compensating for the most acute inequities in the distribution of monetary income. For the short term, on the other hand, their task is "to take the first steps in a strategy ... for increasing the degree of control over productive resources that is exercised by popular sectors" (ECLAC, 1988). This is aimed at increasing the available store of productive capacity that is represented by knowledge and skills, nutrition, health, etc., of the rural popular sectors in particular. The existing imbalances in the spatial distribution of social expenditure make it imperative not only to increase this expenditure but also to reorient it in favour of poor rural strata, as well as to transfer resources from those urban sectors that are in a more advantageous position, until the country reaches "the minimum threshold of equity" necessary for attaining sustained development.

Education is the social service that has expanded most in rural areas during the past several decades. In general terms, the peasant population has some access to formal basic education, although this is often limited to three or four years. On the other hand, secondary education, the key to occupational mobility in the modern economy, continues to be almost inaccessible for the majority of rural young people. In spite of the advances made, most countries continue to exhibit the enormous gap that has always existed between the average educational level of rural residents and that of people in the urban areas (ECLAC, 1986a, p. 90). What is more, as a result of the anti-rural bias often found in public expenditures, primary education is defective, which reduces its practical usefulness as an instrument for enabling students to understand the new agricultural technology or to train them for work in other sectors or for participation in civic life. There is a cruel irony in the fact that young people from the countryside who return there after completing their secondary education do not find any practical application in peasant agriculture for the "human capital" they have acquired with so much sacrifice. When they are denied access to advanced technology and to credit, they are being deprived of the chance to use education as a channel for occupational mobility without abandoning agriculture. It seems evident that what is needed is the simultaneous introduction of technology and

education. In view of the dilemma we have mentioned, perhaps the most appropriate vehicle for this will be the readaptation of secondary education to the needs of the modernization of the rural environment. The graduates of such education could become efficient promoters of technological progress, since they themselves have an interest in the success of this process.

#### *4. Policies for the realization of rural productive potential*

Various proposals for rural development agree that the small peasant family farm involves a potential for economically sustainable productivity which has until now been suppressed by the existing social structures and relationships. In many countries the peasantry produces the bulk of the supply of the basic grains consumed by the popular strata. Localized experience indicates that it could come to constitute the productive base for food-security policies and for policies designed to meet the nutritional needs of the entire population (ECLAC-FAO, 1983; Schejtman, 1987; Durston, 1983a).

There exists an extensive range of measures that can be resorted to if we want the rural economic policy to provide decisive support for the endeavour to increase production and land productivity<sup>1</sup> among the peasantry. The choice made in each case will depend on the combination of needs and the priority given to them, as well as on the possibilities and limitations (of the environment, of the persons involved and of the government). While it is true that needs can be identified technically, the possibilities and limitations are more closely related to competition for scarce fiscal resources. Popular participation thus becomes a key element for the successful pursuit of the political goal of achieving equity and eradicating extreme poverty in the countryside.

<sup>1</sup>The members of the peasant family are "workers", "owners" and "entrepreneurs" at the same time. Thus they are interested not in having fewer workers with greater productivity per person but in increasing the profitability of the family farm and the income of the household. Consequently the stress should be placed on the introduction of technologies that will raise the productivity of the land, not on those which use less manpower. Training, rather than machinery, should be the key element in making manpower more productive.

Invariably the proposals for overall strategies end with a brief recognition of the importance of popular participation. In the case of rural social development, the analyses of concrete experience arrive at an almost unanimous conclusion: that the degree of popular participation in design, administration, implementation and decision-making in projects designed to benefit the rural population constitutes the most decisive factor affecting the success or failure of these efforts to raise the standard of living of the neglected rural sectors (Lacroix, 1985; ECLAC-FAO, 1985; Durston, 1983a; Thiesenhusen, 1987; and Longhurst, 1987).

For the majority of national and international planners, rural society is a sort of black box, a reality unknown to them in their personal lives, which are generally restricted to urban society. Consequently the contribution made by the beneficiaries themselves to the design and identification of activities, plans and programmes may be essential. Along the same lines, the specific local realities in terms of resources, ecological systems and needs make it impossible to anticipate from the centre of the country what will be the crucial elements for the success of policies. Popular participation in communities or microregions is essential for the adaptation of national coverage programmes to the specific realities of each locality.

On the other hand, local institutions—informal, community or family-relationship institutions—like the networks of mutual assistance that underlie them, constitute a valuable resource as instances of popular participation. This can be utilized to motivate the mobilization and articulation of peasant families in the pursuit of a joint effort.

The utilization of the potential of rural culture and informal rural institutions poses one of the greatest challenges to the application of the principles of popular participation. In general terms, specialists have overcome the age-old prejudice to the effect that rural culture would be merely an obstacle to development (the fact is that it is readapting itself on a permanent basis to an environment that is being transformed at an accelerated rate). But it is no less true that this culture contains some dysfunctional elements contrary to the objectives contemplated here—for example, the typical factionalistic and per-

sonalistic oppositions that take the shape of clientele conflicts. In this context it is not easy to promote the growth of the existing mechanisms for assistance and solidary co-ordination. However, a number of experiments throughout the region indicate that the task is feasible, given a proper socio-cultural diagnosis and a methodology carefully adapted to the immediate realities.

The spatial dispersion of rural residents makes it difficult to put development programmes into operation in this environment. The establishment of an authority for co-ordination of and by the beneficiaries at a supra-local level can make a decisive contribution to the creation of links between communities through participation in an effort that serves common interests. The relative isolation and historical autonomy of rural microregions which have sunk into dire poverty have made possible the survival of their own power structures, with forms of domination, exploitation and political bossism that constitute one of the main obstacles to rural development programmes. The promotion of popular participation both in decision-making and in programme management is an inescapable condition if we wish to avoid the blocking of initiatives or the diversion of funds to purposes which have little to do with rural development.

Popular participation also constitutes part of the solution to the problem that arises from the inertia of the institutionalized bureaucracies, both in social services and in the ministries governing the area of production. Since these usually defend their structures and methods of operation, new national programmes that are designed especially to promote innovative rural development usually have greater chances of success if they manage to combine popular participation with a structure that makes them directly responsible only to the highest political authority, with independent control over a fund of fixed expenditures, wages and investments and with supervisory faculties to oversee the governmental organizations that must be reoriented (Lacroix, 1985).

The organization of the power of rural popular sectors to participate and to exert pressure is indispensable for the viability of structural reform proposals, particularly because peasants are usually the "weaker partners" in any combi-

nation of forces to promote a national project. While the overall strategy must rest significantly on the creation of a "capacity for organized collective action" (ECLAC, 1988), filling the currently existing gap in this field must be one of the priority challenges.

A matter of equal urgency is the elimination of the false perception that rural progress is hostile to the welfare of urban residents. Only if participation enables the rural population to increase its bargaining power and to shape its own proposals and its own alliances can society discover that equity in the rural environment is functional for the productive development of the country as a whole. In most countries the rural population is a minority, and there is no country in which it has sufficient strength to force acceptance of its demands, so that it is unrealistic to recommend a simple reassignment of consumption in favour of the rural population. Instead, the resources allocated to this sector must be regarded as an investment which will benefit the entire country, since the foreseeable result is that it will help in expanding of the productive capacity of the groups most lacking in capital and in increasing the demand for goods and services that are generated by other activities.

There already exists an extensive literature and ample experimental practice with regard to technologies capable of increasing the productivity of the peasant family enterprise. One group of such technologies consists in a knowledge of the varieties of crops, local microclimates and practices that form part of the traditional rural culture (Durston, 1983b). It is important in this context to discard completely the aforementioned concept that such a culture would constitute an obstacle to change. "Tradition is not static; it is being created every day, reconstructed every hour and negotiated socially within the home and between the home and the community to which it belongs" (Wilk, 1987).

Another group includes the "appropriate technologies", often created by modern agricultural science but with emphasis on low costs and the use of local inputs for the manufacture of simple machinery, the solution of difficulties in cultivation (lack of water, poor land and hillside land), and long-term ecological viability (Altieri, 1987). A third technological category that can benefit the rural population is the application of

state-of-the-art techniques and discoveries in biotechnology, with emphasis on the creation of lines of research which will meet the needs of small producers (Wulf, 1986; Schejtman, 1987b).

All of these lines of work have a thoroughly proven validity in practice or in scientific analysis. Hence the question is not whether or not technology can appreciably increase the productivity of peasant agriculture but rather, as always, whether or not there exists a political capacity to channel sufficient resources for this purpose. If it exists, it will be necessary to make the body of appropriate technology operational, designing methodologies for combining it with the peasant practices of each local environment, training cadres and setting up institutional systems to put such technology into practice.

Another promising field of action is that of State support for the supply of production inputs and basic consumer goods to the peasant population. In the experiments that have been successful in this sphere, the State or a non-governmental organization supports the creation of rural co-operatives and provides recoverable initial financing for rotating credit funds. This strategy is designed to overcome the prevailing limitations in access to inputs at suitable prices, which resulted from the lack of institutional channels, of scale economies and of accounting and administrative skills (Barril, 1987).

Given the fact that the problems and shortages of the peasantry are multi-faceted, it is also necessary to use an approach that will integrate and co-ordinate the various specific efforts. Integrated rural development (IRD) programmes proliferated in the region during the 1970s. The increase in such programmes was caused in large measure by the impetus given to this type of approach by the World Bank. Since little success was achieved by the traditional programmes for promoting production in agriculture and stock-raising, people are becoming aware that technical assistance to production is not enough in itself to promote rural development, let alone to bring progress towards equity and achieve the elimination of poverty. We thus find that the attainment of these objectives requires the adoption of special measures of a social nature, in combination with infrastructure and production

projects co-ordinated at the regional level so as to form an organic and coherent whole.

IRD programmes have also had little success, and this has recently led to a far-reaching re-evaluation of this approach. In fact, since the advent of the crisis of the current decade, the World Bank has not initiated any new large-scale IRD programmes. It is argued that because of the high costs of these programmes and the wide scope of their coverage, they are inappropriate at a time of financial and fiscal tightness. However, the essential principles of the integrated approach, which include complementarity of economic and social policies with a view to breaking the vicious circle of the reproduction of poverty, remain valid. The fundamental model of IRD may be viable even in situations in which capital resources are scarce, if by partially replacing them one can attain the appropriate incorporation of the skilled labour force which at present is underutilized, and if genuine popular participation can be achieved.

IRD programmes have had greater success among peasants who are economically "viable", since these people owned enough productive land acquired in earlier years and were operating in an environment which assured them a minimum of economic autonomy. However, a high percentage of the peasantry does not enjoy these two advantages; consequently it sometimes happens that the beneficiaries of IRD projects come to dominate the weaker peasants, thus increasing rural inequality (Dunham, 1983).

##### *5. Social policy in contexts of commercial entrepreneurial agriculture*

Many projects for promoting the peasant family enterprise seem to have been designed as if such an enterprise were independent of the rural power structure. In most cases, however, the peasant is at the mercy of a combination of mechanisms and strategies utilized by the regional élites. In the areas of greatest modernization, the traditional social mechanisms of extraction have also been readapted, and this has caused changes in the terms of trade confronting the peasantry that produces basic grains, in the conditions of indebtedness and in contracts with agricultural industries and with wage-earning workers (Durstun, 1982). Especially advantage-

ous for commercial agriculture is the fact that peasants "with no potential for self-sufficiency in food" have limited access to land (Schejtman, 1987b), since they constitute a source of occasional wage-earning labour, available at low cost when needed. The small farm absorbs part of the cost of reproduction of the labour force (housing and a percentage of the food required), with consequent savings to the employer. Removing this kind of obstacle obviously requires something more than simple support for peasant agriculture.

In principle, cyclic complementarity in labour between the peasantry and the entrepreneurial sector may be modified and regulated in such a way as to contribute to the advance towards equity and towards the elimination of rural poverty. To that end it is necessary, first of all, that the State should introduce changes in the structures of economic relations which will eliminate the mechanisms of exclusion and extraction, so that peasant family farming (individually or grouped into collective organizations) may realize its potential. Secondly, by establishing regulations for entrepreneurial agriculture and promoting rural trade-unionism, it is possible to bring about more equitable labour relations.

Three kinds of measures seem to be fundamental for attaining these objectives, designed to increase the productive capacity and demand among the agricultural semi-proletarians and peasant farmers in the true sense of the word. The first type of measure aims at improving agricultural wages or the pay of agricultural day-labourers in the entrepreneurial sector, which are usually much lower than the earnings of urban workers (for example, in construction work). The difference is due to several causes: that a part of the cost of reproduction of the rural labour force is absorbed by the small-farm sector, that entrepreneurs in traditional agriculture operate on very narrow profit margins, that surplus manpower is available most of the time and that wage-earners have very little bargaining power to demand better pay, especially when employers actually show a clear preference for short-term contracts. All of these causes, in turn, result from the economic and power structures prevailing in many rural areas.

The trade-union mobilization of day-labourers in particular requires support (or at least protection) from the State in order to bring about collective bargaining that is equitable in matters relating to wages. This route provides a reasonable chance of increasing the earnings of workers in the most dynamic activities in farming that produces industrial or export crops, whose profit margins are usually larger and in which the cost of manpower has little effect on the final cost of the product. The same considerations seem valid for processing and packing activities; in all of these cases, popular participation is as crucially important (although in different forms) as among the peasantry.

The second type of measure is designed to moderate the effects of the strongly cyclical nature of the demand for labour in entrepreneurial agriculture. This has become more acute with the modernization of large agricultural operations, which have substantially reduced their staff of permanent workers but have greater seasonal need for labour at harvesting and planting time. The poverty syndrome of the semi-proletarian peasants includes not only low wages but also the inadequacy of their own production during the long periods when there is no work to be had in the large modern agricultural establishments.

This situation could be improved by stabilizing the demand for agricultural manpower throughout the annual cycle—for example, by giving preference in the granting of credit to cultivation which is more permanent or which utilizes techniques that are more labour-intensive. Similarly, proposals aimed at increasing the productivity of peasant farms will help the semi-proletariat to stay above the cyclic poverty level during the months when there is no demand for wage labour. The absorption of manpower in work on peasant farms will, in turn, reduce the oversupply of day-labourers, which may force an increase in wages and, ultimately, in the genuine efficiency of the entrepreneurial sector, as opposed to the "spurious efficiency" based on the impoverishment of the labour force.

To the extent that the cycle of peasant cultivation coincides with the cycle of entrepreneurial agriculture, such an increase in employment would no doubt help to raise the standard of

living of the rural semi-proletariat, but it may make entrepreneurial agriculture more difficult at its times of maximum demand. What is needed, therefore, is to decide upon measures that will generate greater complementarity between the annual cycles of tasks in the peasant economy, on the one hand, and the demand for temporary manpower in entrepreneurial agriculture, on the other hand. In each microregional context there exists a range of alternative types of cultivation with different annual cycles, the selection and promotion of which by the State should depend on the contribution they make to complementarity in the use of the labour force.

We are not suggesting the creation of conditions that will make it impossible to maintain efficient commercial entrepreneurial agriculture. Such agriculture has had and should continue to perform a decisive role in increasing farm production. However, it is necessary to eliminate the bias favouring this type of agriculture in many countries and making itself felt in the policies that govern labour, prices and subsidies, in taxation, expenditure on infrastructure, research and extension activities, in the granting of credit, etc.; such preferential treatment constitutes unacceptable discrimination against the peasantry and the agricultural proletariat. Indeed, in some cases a fraction of the resources used to finance these direct and indirect subsidies to entrepreneurial agriculture would have been enough to promote peasant agriculture (Hewitt, 1976; Estévez, 1980; Palau, 1987). At the same time, it is essential to establish tax reforms that will levy higher taxes on the net profits earned by entrepreneurial agriculture, instead of continuing to collect the traditional social-security contribution based on the number of persons employed, which destroys the incentive for contract employment of manpower. Rigorous application of the present tax laws would suffice to bring an appreciable increase in tax collections. The additional funds could be allocated to promoting increased productivity and expanding the demand capacity of the lower-income rural strata.

### *6. Agrarian reform, land policy and social development*

The most radical example among the policies intended to correct distortions in the relationship between entrepreneurial agriculture and peasant farming consists in expropriation and transfer of land ownership. Its application takes place in situations characterized either by the inefficient use of large expanses of productive land or by extreme concentration of land and water, with severe impairment of social welfare.

In recent years the subject of agrarian reform seems to have come to the fore again, after being practically taboo for a decade in many countries, to the point where it aroused interest only in connection with a few technical analyses of a historical nature. Recent studies and reports published by international organizations (Inter-American Development Bank, 1986; Lacroix, 1985; Longhurst, 1987) hold that under certain circumstances it is a legitimate and even necessary measure. "Agrarian reform ... is an important question in a number of countries. This is what should happen when there are great inequalities in the distribution of income and land, when large areas of arable land are put to extensive use and when the prospects for employment in other economic sectors are not favourable" (IDB, 1986, p. 155).

In reality the subject was never considered obsolete by experts in rural development. But the model of productive modernization and the orthodox and neoliberal theories so fashionable during the 1970s and the early 1980s contradicted this concept of State intervention. Be that as it may, the succession of incomplete agrarian reforms, symbolic or reversed, in various countries of the region, failed to deal with the fundamental problem, that is to say, with the extreme concentration of fixed and financial capital, skills, technology and infrastructure and of the marketing networks.

The negative effects of the concentration of land make themselves felt not only in situations in which traditional, although somewhat rea-

dapted, agricultural and stock-raising production methods, such as the traditional *hacienda*, still persist. It is true that in those areas in which modern, capitalized and highly competitive agriculture has developed, the subject of agrarian reform is becoming more conflict-ridden and difficult to justify as a measure for appropriation and distribution (Lacroix, 1985). Nevertheless, the simple dichotomy between the *hacienda* agriculture and modern agriculture disregards the historical fact that alliances have been formed under various economic conditions between traditional *hacienda* sectors and modern entrepreneurial groups. What is more, a significant portion of agricultural modernization has taken place precisely in those *haciendas*

which were regarded as having a pre-capitalist character but which in fact were modernized by their owners.

Similarly, the image of efficiency and high productivity that many large-scale farmers endeavour to project distorts a complex reality in which the use of political influence has often led to the more or less covert acquisition of generous subsidies and State privileges. To a degree which varies with the country and the time, fixed prices and subsidized credits, apart from other indirect forms of subsidy—such as State agricultural and livestock research at commercial establishments—mean that the levels of productivity of the modern stratum are lower in practice than the reports indicate, since they conceal a cost that should have been assumed by the national society as a whole.

Agrarian reform is usually not regarded as belonging to the category of "social policies"; yet it is obviously the redistributive policy *par excellence*. Furthermore, it constitutes an instrument which can be very effective for achieving equity, eliminating extreme rural poverty and relieving migrant pressures on labour markets and social services in the cities. In those countries in which extremely high concentration of land exists side by side with an impoverished small-holding population and a semi-proletarian landless peasantry and in which these two categories constitute a significant percentage of the national population, reform of the land-tenure structure—including the provision of technical and credit assistance for increasing the productivity of the

beneficiaries—must be considered as an inevitable medium-term measure.

In the final analysis, beyond the question whether or not agrarian reform, in terms of a process of land expropriation and redistribution, should be applied in a specific country, it seems proper to suggest that every State should establish a permanent policy for land tenure and use. Such a policy should specify explicit goals with regard to the optimum combinations of the national configuration of land holdings according to size, in relation to the different types of use. These goals would be determined through a deliberate effort to reconcile economic and social objectives, taking account of the relationship between possible land reforms and the provision of various inputs to peasant agriculture and the application of wage policies in the sector of entrepreneurial agriculture.

This policy of land tenure and use, which should form part of an overall national project for sustained and equitable development, would be subject to periodic revision in order to adapt it to the evolution of economic and social conditions and to possible changes in the goals themselves, as a result of changes in the correlation of political forces. Its principal advantage is that it would provide a more coherent overall view of the complex problem of tenure, facilitating *inter alia* the decision whether or not agrarian reform should be applied in a particular economic situation.<sup>2</sup>

### 7. The creation of non-agricultural rural employment

Whatever may be the time-frame adopted, it is clear that the creation of new productive employment outside the agricultural sector constitutes a key element of any strategy for rural development with equity. In the short term it represents an alternative way of dealing with the emergency caused by the crisis, whenever the deterioration in workers' income can be eased by the employment created through increased

<sup>2</sup>For a more detailed discussion of the subject of agrarian reform see, for example, Warman (1977), the journal *Conjuntura agropecuaria* (1987) and the Ministry of Farm Development and Agrarian Reform of the Republic of Nicaragua (1986).



investment in infrastructure. Large-scale employment programmes for the construction of aqueducts, sewers, electrical networks and housing have the virtue of improving the basic conditions of rural life and reducing the incentives for migration to the cities. Noteworthy in this connection is the capacity of certain temporary activities—the construction of highways and irrigation systems—to generate permanent employment as well (Klein and Wurgaft, 1985). The construction of local irrigation microsystems can generate particularly significant increases in production and employment, in so far as rural strategy is centred on the realization of the latent productive potential of the peasant sector.

In the medium term an improvement in non-agricultural rural employment is indispensable. It is beyond dispute that this subsector is growing more rapidly than agricultural employment. Between 1960 and 1980 it increased from 12.5% to 21% of the total economically active rural population in Brazil, from 19% to 36% in Ecuador, and from 19% to 43% in Panama (ECLAC, 1988, table 20).

Construction, handicrafts and trade are activities which have become traditional in almost every peasant culture, and therefore they offer some comparative advantages for the creation of productive rural employment. Handicrafts and trade employ a large number of women, while construction offers an interesting potential for expansion in the absorption of male workers, in combination with self-build programmes and remuneration in the form of food. This potential may be oriented towards an improvement of currently available housing, to the extent that the effective capacity of rural demand would expand; but it may also extend to social infrastructure: health centres, schools, community halls, commercial premises, government offices, granaries and warehouses, etc.

The promotion of non-agricultural employment, viewed in the medium-term perspective, also requires complementing this policy with the annual cycle of peasant cultivation of basic grains and other crops. In general, the non-agricultural activities that arise in the countryside have their own cycles, as happens in the case of agricultural industry, the production of inputs for agriculture, construction, tourism and some commer-

cial and manufacturing categories, but many of these activities are complementary to those of the peasantry. The State may promote the creation of such temporary employment, either through infrastructure projects or through support for co-operative or communal micro-enterprises.

In the longer term, rural non-agricultural employment takes on crucial importance. The capacity of agriculture to absorb manpower is limited, especially if the aim is to continue increasing the productivity and income of the persons engaged in this sector. Once the first stage in which support is given to the peasant economy has been passed and measures designed to increase manpower needs are promoted for commercial agriculture, the rate of expansion of agricultural employment will probably decrease again, no matter what strategy is adopted. It may also be expected that in the long term the new non-agricultural occupations will demand a more skilled type of manpower, either in agricultural industry, in the ruralization of manufacturing industries or in modern social services.

#### *8. The promotion of demand*

In numerous development programmes for peasant agriculture, it has been easier to increase production than to keep it at its new level. Small-scale producers have often gone quickly from euphoria to disappointment when a good harvest glutts the market and results in the ruin of peasants who had gone into debt in order to make investments. A good public service for the accumulation and regulation of the grain market and of markets for other crops may avert disasters of this kind in the short term, but it will be incapable of preventing the chronic oversupply that results from "too much success" in the promotion of peasant production.

Obviously the increases in supply should be accompanied by a decrease in the cost of production and marketing and also, most particularly, by an increase in the purchasing power of the broad strata whose incomes are marginal. A number of countries have been promoting the construction of family and community silos and granaries in order to ensure the supply and conservation of food for the producers themselves. Similarly, support is being given to the direct

delivery of fresh vegetables to urban consumers. Although there is a tendency to exaggerate the magnitude of profits and the inefficiency of small and medium-sized middlemen, there is no doubt that State assistance in logistical, legal and advisory questions tends to cheapen and make more mobile the flows of these products, to the benefit of producers and consumers (Monje, 1987; Iturriaga, 1987; CIERA, 1987).

Improvement of the purchasing power of the urban population is a subject which is beyond the scope of this study. However, it is worth mentioning that, unlike what happens in the case of middle-class and upper-class households, the poorer urban families spend disproportionately more money on food as their per capita income increases.

The success of policies aimed at generating jobs and improving income for the benefit of the popular strata may be expected to bring about changes in the composition of the family food

basket. In the following phase, therefore, it would be indispensable that the peasant sector should engage in activities complementary to the cultivation of basic grains, diversifying its production to an increasing extent, so that it will also include the products of activities such as intensive stock-raising, fish-farming and dairying, fruits and vegetables, etc.

Lastly, since in many Latin American countries malnutrition is concentrated in rural areas, more particularly among the small-holding peasant population, it may be anticipated that the increases in production and sales in the categories which they engage in by preference will have a considerable direct impact on the demand for such goods, either through consumption by the farmers themselves or through horizontal exchange between areas with different kinds of agricultural specialization. This phenomenon, in turn, will open new markets for mass-consumption manufactured goods (IDB, 1986).

### III

## Final considerations

#### 1. *Rural social change and overall long-term development*

We thus return to the initial subject of this study, namely, the urgent need to realize the potential of supply and demand among the poor strata of the rural population in order to expand the domestic market, as well as the role to be assigned to rural social policy as part of sustained overall development, in the light of the restrictions now being faced by Latin America.

In the long term, the type of strategy which has been proposed here will be successful only if the peasantry will —instead of generating greater and greater surpluses of manpower, which exert pressure on the urban unskilled-labour market— become a generator of productive employment that can stimulate the domestic market. For this purpose, it is indispensable to offer better occupational opportunities and better expectations of life to the new generations of young peasants, so that a start will be made on

reducing the welfare gap that separates the rural areas from the urban world. It is also essential that peasant families should in fact be able to keep their children in school full-time until they complete their secondary studies, and to do without the children's labour on the farms. This implies a long-term investment and an improvement in the child's quality of life. The reduction of the difference in fertility between this social group and other social groups<sup>3</sup> will also be accelerated if educational opportunities, which favour mobility from the peasantry to highly skilled and productive occupations in other sectors, are expanded.

Thus, in the short or long term, the creation of rural employment must go much further than the attainment of mere survival, and it is indispensable that it should also promote upward

<sup>3</sup>The overall fertility rate of women in peasant families is approximately twice the rate observed among middle-class women (CELADE, 1987).

occupational mobility in the rural areas themselves, either in agriculture or in other activities.

For the attainment of this goal and the gradual withdrawal of children from the tasks involved in exploitation of the family farm, it is necessary that the popular strata—peasants or wage earners—should significantly increase the control they exercise over various productive resources. This, in turn, requires rejecting the approach that has traditionally been used in dealing with rural social development. It also presupposes that the popular strata of the rural areas will assume their proper role in the demographic activities of civil society.

## 2. Putting good ideas into practice

The consequences of the crisis require a drastic reorientation in rural socio-economic policies. In order to combat extreme poverty and inequity in the rural areas, a wide range of good ideas, appropriate techniques and effective policies is already available. It is also possible to imagine more than one viable line of strategy for the 1990s, using a combination of several different policies.

The question of success or failure thus becomes dependent on how these reforms will be financed and how the political strength for carrying them out can be mobilized, two questions of a highly practical nature. In the preceding pages we have attempted to deal with both these questions, although necessarily in an abstract and in simplified form. As for financing, beyond the attenuation of the extreme inequalities prevailing in the rural environment, we must also transfer to that environment some resources obtained from urban society. We have advanced the thesis that such a process would turn out to be beneficial to the country as a whole. With regard to political viability, we have

suggested that the point of departure would be the operationalization of the abstract principle of "popular participation".

A number of Latin American countries have made efforts in recent years to put strategies of a general type, such as those proposed in this study, into practice. The growing concern at the spontaneous evolution of rural poverty has prompted specific actions aimed at intervention in various national contexts. In these cases we observe the simultaneous presence of three strategic elements: i) the legally guaranteed allocation of a percentage of the federal budget, or of the amounts collected through value-added taxes or through customs duties on imports, in such a way as to produce large-scale and permanent financing for the areas of greatest poverty; ii) the modernization of municipal governments, which will become decentralized executing agencies for development planning; and iii) the creation of popularly elected councils, at the local, municipal and provincial levels, invested with decision-making powers for the choice and administration of local development projects (Bustamante, 1987; Republic of Colombia, 1987; Republic of Guatemala, 1987).

The immediate future will be the acid test of these strategies. The big question is whether such alliances and mobilizations will have enough strength to put these legal provisions into practice, in the face of stubborn resistance and counter-offensives from vested interests and the holders of local and regional power. If these strategies fail to achieve their aim, then the measures for financing and participatory mobilization, conceived precisely for the purpose of realizing the good ideas available for rural social development, will be recorded in the history books as merely one more of the many good ideas which were shattered in their assault on the immovable structures of privilege.

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